

LABOR AND WORKFORCE DEVELOPMENT

The Labor and Workforce Development Agency was established to address issues relating to California workers and their employers. A leading Agency goal is to better serve workers and employers by coordinating services and programs in an efficient, effective manner that is relevant to current and future economic conditions. The Agency is primarily responsible for three functions: labor law enforcement; workforce development; and benefit payment and adjudication. The Agency plays a central role in the Economic and Employment Enforcement Coalition, the purpose of which is to help legitimate businesses and California workers combat the underground economy, through a combination of enforcement and education activities.

Departments within the Agency include the Employment Development Department (EDD), the Department of Industrial Relations, the California Workforce Investment Board, and the Agricultural Labor Relations Board. With the exception of the Employment Development Department, none of these entities had significant adjustments included in the Governor's Budget.

The May Revision includes total funding of \$26.4 billion (\$370.7 million General Fund and \$26 billion other funds) for all programs included in this Agency.

In addition to the changes discussed in this chapter, the May Revision includes proposals to reduce state operations and achieve statewide efficiencies. Please see the Reducing State Government chapter for the details of the Governor's proposal.

EMPLOYMENT DEVELOPMENT DEPARTMENT

The EDD administers the Unemployment Insurance (UI), Disability Insurance (DI) and Paid Family Leave programs and collects payroll taxes from employers, including the Personal Income Tax. The EDD connects job seekers with employers through a variety of job services programs and at one-stop service centers, and provides employment training programs through the Employment Training Panel and the Workforce Investment Act of 1998. The Budget includes \$26 billion (\$361 million General Fund) and 10,208 positions to support the EDD programs.

RECENTLY ADOPTED SOLUTIONS

The Legislature approved the following major solution in March.

- Offset Unemployment Interest Payment—A savings of \$362.3 million in 2011-12. The Budget authorized a loan from the Unemployment Compensation Disability Fund to the General Fund to pay for the UI interest expense. The May Revision assumes this interest payment will be reduced by \$42.8 million.

OTHER POLICY PROPOSALS AND MAJOR WORKLOAD ADJUSTMENTS

The May Revision includes the following significant proposals necessary to support the delivery of UI benefits.

- Unemployment Insurance Benefits—An increase of \$620.2 million Unemployment Fund in 2010-11 in UI benefit payments, primarily due to recently enacted federal incentives. With this adjustment total benefit payments in 2010-11 will be \$22.2 billion. No changes are proposed for 2011-12.
- Alternative Base Period Program Support—An increase of \$48 million Unemployment Fund in 2010-11. Trailer bill language to amend the 2010 Budget Act is required to appropriate \$48 million from the American Recovery and Reinvestment Act incentive funds tied to implementation of an Alternative Base Period (ABP) methodology for calculating UI benefits. These funds will be used to support program operations through fiscal year 2014-15.
- Unemployment Compensation Modernization Project—An increase of \$15.6 million Unemployment Fund in 2011-12 to provide continued support for the Single Client Database Conversion and the ABP Project.